

SENATE BILL 3658

By Ketron

AN ACT to amend Tennessee Code Annotated, Section 66-11-144 and Title 66, Chapter 34, relative to contractor retainage funds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-11-144(g), is amended by deleting the subsection in its entirety and by substituting instead the following:

(g) This section shall be applicable to all prime contracts and all subcontracts thereunder for the improvement of real property when the contract amount of such prime contract is five hundred thousand dollars (\$500,000) or greater, notwithstanding the amount of such subcontracts.

SECTION 2. The Tennessee Code Commission is directed to move Tennessee Code Annotated, Section 66-11-144 in its entirety to Title 66, Chapter 34, Part 1 to be renumbered as § 66-34-104.

SECTION 3. Tennessee Code Annotated, Section 66-34-103, is amended by adding the following as a new subsection:

(d) In the event that an owner or prime contractor withholds retainage which is for the use and benefit of the prime contractor its subcontractors or both pursuant to § 66-34-104(a) and (b), neither the prime contractor nor any of its subcontractors shall be required to deposit additional retained funds into an escrow account in accordance with § 66-34-104(a) and (b).

SECTION 4. This act shall take effect July 1, 2008, the public welfare requiring it and shall apply to all construction contracts to which this act applies entered into on or after the effective date of this act.